

Message Text

MRN: 1977BOGOTA003928 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE
ADP176
LIMITED OFFICIAL USE

PAGE 01 BOGOTA 03928 02 OF 02 291539Z
ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 MMO-01 AGRE-00
/050 W

-----291616Z 053289 /44

R 291444Z APR 77
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 1264

LIMITED OFFICIAL USE SECTION 2 OF 2 BOGOTA 3928

REVALUATION OF THE PESO BOUGHT WITH COFFEE, SERVICE OR
DEBT DOLLARS AND IT WILL KEEP ONE MONTH OF
DOLLAR EARNINGS FROM THESE SOURCES FROM ENTERING THE
ECONOMY. IF THE SYSTEM WORKS WELL THE FIRST MONTH, THE
GOVERNMENT MIGHT EXTEND THE PERIOD TO 60 DAYS (ALTHOUGH
THEY ARE OF COURSE SAYING NOTHING ALONG THESE LINES),
THUS CAUSING ANOTHER 2.5 TO 3 PERCENT REVALUATION AND KEEPING
ANOTHER 4.5 BILLION PESOS OUT OF THE MARKET. THE MEASURE
IS ANTI-INFLATIONARY, BUT IT DOES NOT SOLVE THE PROBLEM
OF THE PRICE OF THE MINOR EXPORT PESO AND SHOULD
PROBABLY BE COMBINED WITH THE CONTINUING DEVALUATION OF
THE PESO. IF THE GOVERNMENT DOES NOT EXTEND THE PERIOD
AND RESUME SOME MODEST DEVALUATION THE MEASURE WILL HAVE
CREATED MUCH RED TAPE FOR VERY LITTLE BENEFIT, A CRITICISM
THAT IS INCREASINGLY HEARD ABOUT ESPINOSA'S POLICIES IN
GENERAL.

9. EVEN IF THIS AND OTHER MEASURES ARE EFFECTIVE, PRICES
OF THE BASIC STAPLES WILL CONTINUE TO CLIMB AT LEAST
UNTIL HARVESTS AT MID YEAR OR ONLY SLIGHTLY BEFORE IF
THERE ARE LARGE IMPORTS OF RICE, POTATOES AND CORN. MORE-
OVER, SINCE LOPEZ' LAME DUCK STATUS IS DEEPENED BY TIME
AND SCANDAL AS WELL AS BY THE ECONOMY, IT IS LIKELY THAT
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 BOGOTA 03928 02 OF 02 291539Z

CRITICISM OF ECONOMIC POLICY WILL CONTINUE OR INCREASE.
LOPEZ AND THE FINANCE MINISTER WILL HAVE A CONTINUING
NEED TO TAKE ADDITIONAL BOLD ECONOMIC MEASURES WHICH,
BY SHORT TERM CAPITAL INFLOWS. HOWEVER, LOWER INTEREST
RATES WITH THE HIGH INFLATION WOULD INCREASE SPECULATION

AND REDUCE SAVINGS. SIMILARLY, THE IMPOSITION OF PRIOR IMPORT DEPOSITS ABSORBED PESOS BUT RAISED THE COST OF IMPORTING WHICH SLOWED DOWN THE OUTFLOW OF DOLLARS.

7. THE COMBINATION OF THESE QUESTIONABLE POLICIES IS CAUSING CONCERN AMONG THE ECONOMIC ELITE. EARLIER IN THE ADMINISTRATION WHEN OTHERS WERE CRITICIZING LOPEZ, THE ECONOMIC ELITE, AND PARTICULARLY THE MAIN FINANCIAL GROUPS, SUPPORTED LOPEZ FOR THEY UNDERSTOOD WHAT HE WAS DOING AND IN ONE DEGREE OR ANOTHER BELIEVED THAT THE REFORMS WERE NECESSARY TO SET THE STAGE FOR SOUND, LONG TERM GROWTH. THESE ELITE ARE NOT FALANGISTS, NOR OLD LANDED ARISTOCRACY; THEY ARE ENTREPRENEURS, ESSENTIALLY FINANCIERS WHO UNDERSTAND HOW THINGS FUNCTION. THESE ARE THE PEOPLE WHO MORE THAN ANY OTHERS TRULY RUN THE COUNTRY, THEY ARE THE POWER BEHIND THE VARIOUS COLOMBIAN THRONES, AND THEY ARE BECOMING INCREASINGLY CONCERNED BY THE ECONOMIC MISMANAGEMENT.

8. THE FUNDAMENTAL PROBLEMS OF INFLATION AND THE PRICE OF THE PESO ARE NOT EASILY RESOLVED. THE MOST RECENT MOVE (BOGOTA 3608) TO CREATE A DIFFERENTIAL BETWEEN MINOR EXPORT DOLLARS AND ALL OTHERS IS IN THE RIGHT DIRECTION. THE MEASURE WILL CAUSE A 2.5 TO 3 PERCENT WHILE NOT REGAINING POPULAR SUPPORT, NOR CHANGING THE 78 ELECTION FOCUS OF THE POLITICAL CLASS, MAY AT LEAST KEEP OR RESTORE THE SUPPORT OF THE ECONOMIC ELITE.

DREXLER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC TRENDS, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BOGOTA03928
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: CORE1
Expiration:
Film Number: D770232-0547, D770150-0629
Format: TEL
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977046/aaaaaetc.tel
Line Count: 90
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON MICROFILM, ADS TEXT UNRETRIEVABLE
Message ID: 6b40b2a5-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BOGOTA A-45
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags: ANOMALY
Review Date: 11-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2814713
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC TRENDS, SOME ADDITIONAL COMMENTS
TAGS: ECON, EGEN, CO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6b40b2a5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009